

Cyprus-U.S. Commercial Ties

Cyprus and the United States enjoy a very close trading and business relationship. Bilateral trade statistics for recent years (attached) show that, in 2011, the United States supplied \$128.8 million worth of goods to the island last year, making up 1.5% of Cyprus' total imports. These statistics do not include Cyprus imports of U.S.-branded products manufactured or re-packaged outside the United States. Some of the main U.S. exports to Cyprus for the domestic market include data processing equipment, electrical appliances, specialized vehicles and vessels, toys, furniture, optical, medical and other equipment.

The United States is also an important export market for Cyprus. In 2011, the United States absorbed \$25.0 million or 1.3% of the island's total exports. Many Cypriot products, such as dairy products, salt, and mineral substances have been doing quite well in the United States in recent years, while others, such as fresh fish hold much potential for growth.

Many other facets of our bilateral commercial relationship are not captured by trade statistics alone, as witnessed by strong bilateral services flows. During 2011, the inflow of services (from the U.S. to Cyprus) was \$168.2 million, compared with an outflow (from Cyprus to the U.S.) of \$180.4 million. These figures are the result of numerous agreements between Cypriot and U.S. service providers -- from accounting firms to Internet providers. Similarly, several very important U.S. firms conduct their international business for the region using Cyprus as a base, while many U.S. fast food franchises are very popular on the island.

Cyprus' liberal investment climate and, more recently, its potential offshore energy reserves have made it a progressively more attractive destination for U.S. investors. In 2011, the stock of U.S. Foreign Direct Investment (FDI) on the island was catapulted to \$ 4,430 million (from U.S. \$ 195.4 million in 2010) making up 20.0% of Cyprus' total stock investment. This was the result of massive, new investment in "Professional, Scientific, and Technical Activities." Central Bank's confidentiality regulations do not allow a more detailed breakdown but it is believed this was energy-related investment. The net inflow of U.S. investment into Cyprus was U.S. \$ 94.5 million in 2011. Other projects involving U.S. investment in recent years have focused on services, specifically (in order of magnitude): finance and insurance (including re-insurance, and pension funding); management consulting; real estate; professional, scientific and technology/IT consulting; and wholesale trade. Over the next few years, Cyprus is poised to attract additional investment in the field of offshore energy exploration and infrastructure.

In conclusion, the bilateral Cyprus-U.S. business relationship keeps expanding on many levels, as it should. The U.S. Embassy in Nicosia remains dedicated to promoting this relationship further. For additional information, please visit the following websites:

- U.S. Embassy, Nicosia: <http://cyprus.usembassy.gov/>
- American Chamber of Commerce Cyprus: <http://www.cyaba.com.cy>
- Cyprus Investment Promotion Agency: <http://www.cipa.org.cy>

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